

Message Text

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46

ACTION NEA-12

INFO OCT-01 EUR-25 ADP-00 SCEM-02 EB-11 COME-00 INT-08

OMB-01 TRSE-00 CIAE-00 DODE-00 PM-07 H-02 INR-10 L-03

NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SS-15 USIA-12 AF-10

CIEP-02 RSR-01 /137 W

----- 063839

R 221000 Z JUN 73

FM USINT BAGHDAD

TO SECSTATE WASHDC 415

INFO AMEMBASSY BEIRUT

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LONDON

AMEMBASSY MOSCOW

AMEMBASSY PARIS

AMEMBASSY TEHRAN

AMEMBASSY THE HAGUE

C O N F I D E N T I A L BAGHDAD 0350

EO 11652: GDS

TAGS: ENRG IZ SY

SUBJ: IRAQI- SYRIAN TRANSIT AGREEMENT

1. IRAQ AND SYRIA CONCLUDED AGREEMENT JUN 12 FOR EXPANSION OF PIPELINE PUMPING CAPACITY ACROSS SYRIA (QUANTITY UNSPECIFIED). ACCORDING TO PRESS, IRAQ WILL GRANT SYRIA INTEREST FREE LOAN UP TO MAXIMUM OF SIX AND ONE- HALF MILLION DINARS (21.5 MIL DOLLARS) TO FINANCE SYRIAN PORTION. LOAN WILL BE REPAID IN INSTALLMENTS DEDUCTED FROM TRANSIT PAYMENT FOR ADDITIONAL CRUDE. IRAQ WILL CONTRACT FOR ENTIRE EXPANSION WITH INTERNATIONAL CONTRACTOR, BUT SYRIA WILL SUPERVISE CONTRACTOR WITHIN SYRIA. ADDITIONAL QUANTITY WILL BE THAT EXCEEDING CURRENT AVERAGE PUMPING CAPACITY OF 57 MTA.

2. AS DEPT AWARE ONE OF CONFIDENTIAL SIDE LETTERS TO
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MARCH 1 IPC SETTLEMENT PROVIDED THAT IPC WOULD, AT IRAQI REQ, INCREASE CAPACITY OF KIRKUK PIPELINE BY 200,000 B/D OVER NEXT 2 YEARS. IN RETURN IPC WOULD HAVE FIRST RIGHT OF REFUSAL FOR 60 PERCENT OF FIRST 1000,000 B/D INCREASE. ACTING BPC REP IN BAGHDAD TOLD ME JUN 21 THAT, TO BEST OF HIS KNOWLEDGE, IRAQ HAD NOT REQUESTED IPC TO UNDERTAKE EXPANSION PROJECT. HE ASSUMES THEREFORE IRAQ HANDLING EXPANSION BY ITSELF.

3. COMMENT: ALL INDICATIONS ARE THAT GOI ANXIOUS TO EXPAND OIL PRODUCTION AS RAPIDLY AS POSSIBLE AND GENEROUS TERMS FOR SYRIA WERE PROBABLY NECESSARY IN ORDER TO OBTAIN SPEEDY AGREEMENT. HOWEVER, TERMS ALSO FIT IN WITH IRAQ'S DESIRE FOR RAPPROACHMENT WITH NEIGHBORS. SYRIA IS APPARENTLY INTERESTED AS WELL. MOROCCAN AMBASSADOR TOLD ME HE HAD SEEN RECENT EXCHANGE OF LETTERS BETWEEN ASSAD AND BAKR DISCUSSING UNITY, HOWEVER, BOTH SIDES CONTINUE TO IMPOSE CONDITIONS WHICH OTHER UNLIKELY TO MEET. THIS FITS WITH REMARK OF EGYPTIAN AMBASSADOR THAT WHILE BAATH REGIME FOREIGN POLICY OBJECTIVES HAVE BECOME MORE REALISTIC, THEY WANT TO MAKE ACCORDS ON THEIR TERMS AND WITHOUT COMPROMISES. LOWRIE

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*** Current Classification *** CONFIDENTIAL

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